

Resolution No.:	<u>18-507</u>
Introduced:	<u>May 26, 2016</u>
Adopted:	<u>May 26, 2016</u>

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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By: County Council

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**SUBJECT:** Approval of and Appropriation for the FY 2017 Operating Budget of the Montgomery County Public School System

**Background**

1. As required by the Education Article, Sections 5-101 and 5-102 of the Maryland Code, the Board of Education sent to the County Executive and the County Council the FY 2017 Operating Budget for the Montgomery County Public School (MCPS) system as shown below.
2. The Executive sent to the Council his recommendations regarding this budget on March 15, 2016.
3. As required by Section 304 of the County Charter, the Council held public hearings on the Operating Budget and the Executive's recommendations on April 5, 6, and 7, 2016.
4. The appropriation in this resolution is based on the following projected revenues for FY 2017:

State:	\$657,437,390
Federal:	\$ 74,902,923
Other:	\$ 10,571,804
Enterprise:	\$ 62,024,623

5. This appropriation requires a local contribution of \$1,617,631,597 to Montgomery County Public Schools.
6. Of the funds appropriated in this resolution, \$58,672,664 is appropriated to meet the State's FY 2017 requirement for the County to fund the shift of teacher pension costs from the State to the County. The State requires that beginning in FY 2017, this payment be included in the calculation of the Maintenance of Effort requirement, and that the Montgomery County Public Schools must reimburse the State for this amount of teacher pension costs.

7. This resolution re-appropriates the full amount of FY 2016 MCPS Current Fund balance or \$33,162,633 from the MCPS Current Fund balance, whichever amount is less.
8. The Council intends that this appropriation be implemented according to the policy direction outlined by Board of Education President Michael A. Durso in his May 13, 2016 letter to Council President Nancy Floreen and Education Committee Chair Craig Rice. Mr. Durso stated that the Board of Education will use this appropriation to implement between \$36-\$37 million of additional programmatic enhancements to reduce class size and address the achievement and opportunity gap. Mr. Durso also confirmed that the funding provided by the Council will not be enough to implement both the strategic enhancements and more than the equivalent of a 1 percent general wage adjustment and an increment (step increase) for all employees as of July 1, 2016. Mr. Durso recognized that the fiscal challenges that will face the County in FY 2018 require that fiscal and allocation decisions made in FY 2017 not adversely impact the FY 2018 operating budget. The letter stated that “the Board recognizes that it has a right under Maryland law to implement a final decision about budgetary funding, even absent union agreement...”
9. The Superintendent submitted to the Council proposed changes by State category to meet the approved expenditure level as reflected in this appropriation.

### **Action**

The County Council for Montgomery County, Maryland approves the following resolution:

1. The Council approves the FY 2017 Operating Budget for the Montgomery County Public School system and appropriates the funds as shown below.

**FY 2017 OPERATING BUDGET FOR MONTGOMERY COUNTY PUBLIC SCHOOLS**


The Council approves and appropriates the following amounts:

<b>I. Current Funds</b>	<b>BOE Request March 2016</b>	<b>Council (Reduction/ Addition)</b>	<b>Council Approved Budget</b>
<b>Category</b>			
1 Administration	44,264,358	(665,005)	43,599,353
2 Mid-level Administration	146,789,382	(842,826)	145,946,556
3 Instructional Salaries	990,136,533	(13,872,839)	976,263,694
4 Textbooks and Instructional Supplies	29,449,853	(3,156,136)	26,293,717
5 Other Instructional Costs	12,607,275	(411,581)	12,195,694
6 Special Education	330,802,670	(4,432,726)	326,369,944
7 Student Personnel Services	12,410,607	(477,657)	11,932,950
8 Health Services	3,630	-	3,630
9 Student Transportation	106,236,201	(1,836,575)	104,399,626
10 Operation of Plant and Equipment	134,441,287	(959,606)	133,481,681
11 Maintenance of Plant	35,631,747	(1,444,524)	34,187,223
12 Fixed Charges	591,279,495	(13,060,305)	578,219,190
14 Community Services	813,089	-	813,089
<b>Subtotal, including specific grants</b>	<b>2,434,866,127</b>	<b>(41,159,780)</b>	<b>2,393,706,347</b>
Less Specific Grants	78,963,887	3,164,240	82,128,127
<b>Subtotal, Spending Affordability</b>	<b>2,355,902,240</b>	<b>(44,324,020)</b>	<b>2,311,578,220</b>
<b>II. Enterprise Funds</b>			
37 Instructional Television Fund	1,742,791	-	1,742,791
51 Real Estate Management Fund	3,686,191	-	3,686,191
61 Food and Nutritional Services Fund	53,967,269	-	53,967,269
71 Field Trip Fund	2,006,361	-	2,006,361
81 Entrepreneurial Fund	2,364,802	-	2,364,802
<b>Subtotal, Enterprise Funds</b>	<b>63,767,414</b>	<b>-</b>	<b>63,767,414</b>
<b>TOTAL BUDGET for MCPS</b>	<b>2,498,633,541</b>	<b>(41,159,780)</b>	<b>2,457,473,761</b>

2. This resolution appropriates \$6,731,204 for the account titled "Provision for Future Supported Projects", which provides funds for specific programs designated in a grant, contribution, reimbursement, or other non-county funding source received in FY 2017. When MCPS receives funds for a program from one of these sources, MCPS may transfer funds from this appropriation to the program. The following conditions are established on the use of this transfer authority:
  - a) The program must not require any present or future County funds.
  - b) Subject to the balance in the account, any amount can be transferred in FY 2017 for any program which meets at least one of the following four conditions: (1) the amount is \$200,000 or less; (2) the program was funded in FY 2016; (3) the program was included in the FY 2017 budget; (4) the program was funded by the Council in a supplemental or special appropriation in FY 2017. Any program that does not meet one of these four conditions must be funded by a supplemental or special appropriation.
  - c) MCPS must notify the Executive and the Council within 30 days after each transfer.
3. Any appropriation authorized in this resolution for any expenditure funded by non-County funds is contingent on the receipt of the non-County funds.
4. This resolution re-appropriates or appropriates revenue received from non-County sources for programs funded in whole or in part from those non-County funds:
  - a) together with matching County funds, if any; and
  - b) to the extent that the program period approved by the non-County source encompasses more than one fiscal year, in order to complete the grant program under the terms of receipt of the non-County revenues.
5. This resolution re-appropriates the fund balance of the Warehouse account.
6. The Council continues the procedure for transfers adopted in Resolution 12-889. This procedure applies only to the non-County portion of grant programs, and therefore only applies to those grant programs for which MCPS keeps separate accounts for County and non-County funds.
  - a) The Council will not take action on these transfers, so the transfers will be automatically approved after 30 days, as provided by State law.
  - b) MCPS staff must report each transfer to the Executive and the Council within 30 days after the transfer.

7. The following provision applies when MCPS receives more non-County funds than were budgeted for a project that also receives some County funds:
  - a) Council approval is not required to substitute non-County funds for County funds. In this case, there is no change in the appropriation.
  - b) Council approval is required to increase the appropriation. The Council may decide to substitute non-County funds for the County funds instead of increasing the appropriation.
9. This resolution re-appropriates encumbered appropriations, permitting them to be spent in FY 2017. Unencumbered appropriations lapse at the end of FY 2016 except as re-appropriated elsewhere in this resolution.

This is a correct copy of Council action.

  
Linda M. Lauer, Clerk of the Council